

**UNITED STATES DISTRICT COURT  
DISTRICT OF CONNECTICUT**

**IN RE HOST AMERICA  
SECURITIES LITIGATION**

**MASTER FILE NO.  
05-CV-1250 (VLB)**

**CLASS ACTION**

**This document relates to:**

**ALL ACTIONS**

**NOTICE OF PENDENCY OF CLASS ACTION AND PROPOSED PARTIAL SETTLEMENT,  
MOTION FOR ATTORNEYS' FEES AND SETTLEMENT FAIRNESS HEARING**

**TO: ALL PERSONS WHO PURCHASED HOST AMERICA SECURITIES BETWEEN  
JULY 12, 2005 THROUGH JULY 22, 2005**

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THE SETTLEMENT PROCEEDS, YOU MUST SUBMIT A VALID PROOF OF CLAIM **POSTMARKED ON OR BEFORE FEBRUARY 20, 2008.**

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the District of Connecticut (the "Court"). The purpose of this Notice is to inform you of the pendency of this Class Action and the proposed Settlement of the Action and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement as well as counsel's application for costs and fees. This Notice describes the rights you may have in connection with your participation in the Settlement, what steps you may take in relation to the Settlement and this Class Action, and, alternatively, what steps you must take if you wish to be excluded from the Settlement and this Action.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
<b>SUBMIT A CLAIM FORM</b>	The only way to get a payment. Claim Forms must be <b>postmarked on or before February 20, 2008.</b>
<b>EXCLUDE YOURSELF</b>	Get no payment. This is the only option that allows you to ever be part of any other lawsuit against the Defendants about the legal claims in this case. Exclusions must be <b>postmarked on or before December 18, 2007.</b>
<b>OBJECT</b>	Write to the Court about why you do not like the Settlement. Objections must be received by the Court and counsel <b>on or before December 18, 2007.</b>
<b>GO TO A HEARING</b>	Ask to speak in Court about the fairness of the Settlement. Requests to speak must be received by the Court and counsel <b>on or before December 18, 2007 at 10 a.m.</b>
<b>DO NOTHING</b>	Get no payment. Give up rights.

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## **SUMMARY NOTICE**

### **Statement of Plaintiff Recovery**

Pursuant to the Settlement described herein, a \$2.45 million Settlement Fund is being provided. Plaintiffs estimate that there were approximately 1.3 million common shares of Host America stock which may have been damaged during the Class Period. Plaintiffs estimate that the average recovery under the Settlement is roughly \$1.88 per damaged share before deduction of any taxes on the income thereof, notice and administration costs and the attorneys' fee and expense award as determined by the Court.<sup>1</sup> A Class Member's actual recovery will be a proportion of the Net Settlement Fund determined by that claimant's Recognized Claim as compared to the total Recognized Claims submitted. An individual Class Member may receive more or less than this average amount depending on the number of claims submitted, when during the Class Period a Class Member purchased shares of Host America Securities, the purchase price paid, and whether those shares were held at the end of the Class Period or sold during the Class Period, and, if sold, when they were sold and the amount received. See Plan of Allocation as set forth at pages 11-12 below for more information on your Recognized Claim.

### **Statement of Potential Outcome of Case**

The parties disagree on both liability and damages and do not agree on the average amount of damages per share or security, as appropriate, that would be recoverable if Class Plaintiffs were to have prevailed on each claim alleged. The Settling Defendants deny that they are liable to the Class Plaintiffs or the Class and deny that Class Plaintiffs or the Class have suffered any damages.

### **Statement of Attorneys' Fees and Costs Sought**

Plaintiffs' Lead Counsel will apply to the Court for an award from the Settlement Fund of attorneys' fees not to exceed twenty percent (20%) of the Settlement, and for reimbursement of expenses incurred in connection with the prosecution of this Action in the approximate amount of \$79,424.00. Since the Action's inception, Plaintiffs' Counsel have expended considerable time and effort in the prosecution of this litigation on a contingent fee basis and advanced the expenses of the litigation in the expectation that if they were successful in obtaining a recovery for the Class they would be paid from such recovery. In this type of litigation it is customary for counsel to be awarded a percentage of the common fund recovery as their attorneys' fees. The requested fees amount to an average of approximately \$ .376 per damaged share.

### **Further Information**

For further information regarding the Action, this Notice or to review the Stipulation and Agreement of Partial Settlement, please contact the Claims Administrator toll-free at 1 (800) 430-4972, or [www.hostsettlement.com](http://www.hostsettlement.com).

You may also contact counsel for Class Plaintiffs and the Class: David R. Scott, Esq., Scott + Scott, LLP, 108 Norwich Avenue, P.O. Box 192, Colchester, Connecticut 06415, Telephone (860) 537-5537.

### **Reasons for the Settlement**

The principal reason for the Settlement is the benefit to be provided to the Class now. This benefit must be compared to the risk that no recovery might be achieved after a contested trial and likely appeals, possibly years into the future.

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<sup>1</sup> This estimation solely reflects average recovery per alleged damaged share of Host America common stock. Actual recovery per share will reflect adjustment for any warrants that are subject to this Settlement.

**WHAT THIS NOTICE CONTAINS**

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## BASIC INFORMATION

### 1. Why did I get this notice package?

You or someone in your family may have purchased Host America Securities during the period between July 12, 2005 through July 22, 2005 (“Class Period”).

The Court directed that this Notice be sent to Class Members because they have a right to know about the proposed Settlement of this Class Action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement and after objections and appeals, if any, are resolved, a Claims Administrator appointed by the Court will make the payments provided for in the Settlement.

This Notice explains the Class Action lawsuit, the Settlement, Class Members’ legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the Action is the United States District Court for the District of Connecticut, and the case is known as *In re Host America Securities Litigation*, Civil Action No. 05-CV-1250 (VLB). The case has been assigned to the Honorable Vanessa L. Bryant. The people who sued are called plaintiffs, and the company and the persons they sued and who have now settled with plaintiffs (Host America, Geoffrey Ramsey, David Murphy, and Peter Sarmanian) are called the Settling Defendants. The plaintiffs have also sued Roger Lockhart (“Lockhart”) with whom they have not settled and who remains a defendant. The lead plaintiffs intend to continue to prosecute their claims against Lockhart on behalf of themselves and the Class.

### 2. What is this lawsuit about?

The Consolidated Complaint for Violations of the Securities Laws dated February 12, 2007 (the “Complaint”) filed in the Action generally alleges, among other things, that Defendants issued false and misleading press releases and other statements regarding Host America’s financial and operational condition prior to and during the Class Period in a scheme to artificially inflate the value of Host America’s Securities, and/or sold Host America Securities during the Class Period while in possession of material non-public information.

The Complaint further alleges that the Class Plaintiffs and other Class Members purchased Host America Securities during the Class Period at prices artificially inflated as a result of the Defendants’ dissemination of materially false and misleading statements regarding Host America, and assert claims under Sections 10(b), 20(a) and 20A of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder.

Settling Defendants deny that they did anything wrong.

### 3. Why is this a class action?

In a class action, one or more people called Class Plaintiffs (in this case, Carolantic Partners, LLC, Christopher Ticknor, M.D., and Ayman Alshami, M.D.) sue on behalf of people who have similar claims. All of the people with similar claims are referred to as a Class or Class Members. One court resolves the issues for all Class Members, except for those who exclude themselves from the Class.

### 4. Why is there a settlement?

Beginning on August 8, 2005, a number of related putative class actions alleging violations of federal securities laws were filed in the U.S. District Court for Connecticut and were subsequently consolidated under the above

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caption and are referred to herein as the “Action.” The Court has certified the Class Plaintiffs to represent all Class Members and appointed the law firm of Scott + Scott, LLP as Plaintiffs’ Lead Counsel.

The operative complaint is the Complaint which was filed on February 12, 2007. The Complaint alleges that Class Plaintiffs and other Class Members purchased Host America Securities during the Class Period at prices artificially inflated as a result of the Defendants’ dissemination of materially false and misleading statements regarding Host America in violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder, and that certain Defendants sold Host America stock during the Class Period while in possession of material non-public information, giving rise to claims under Section 20A.

The Settling Defendants deny any liability to Class Plaintiffs and the Class. The Settling Defendants deny any wrongdoing whatsoever and their agreement to settle this Action shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any of the Settling Defendants with respect to any claim or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that the Settling Defendants have asserted.

The Court did not decide in favor of Plaintiffs or Settling Defendants. Instead, both sides agreed to the Settlement to avoid the risks and cost of a trial, and so Class Members will receive compensation. The case would require all parties to engage experts and much of the proof would be highly technical making the outcome of any trial unpredictable. The Class Plaintiffs and Plaintiffs’ Lead Counsel believe the Settlement is in the best interest of all Class Members in light of the real possibility that continued litigation would delay any recovery by the Class and could result in no recovery at all.

### **WHO IS IN THE SETTLEMENT**

To see if you will get money from this Settlement, you first have to decide if you are a Class Member.

5. How do I know if I am part of the Settlement?

The Court directed, that everyone who fits this description is a Class Member: *all persons who purchased Host America Securities during the period between July 12, 2005 and July 22, 2005, and were damaged thereby.*

6. Are there exceptions to being included?

Excluded from the Class are the Settling Defendants, the officers and directors of Host America at all relevant times, members of Settling Defendants’ immediate families and their legal representatives, heirs, successors or assigns, and any entity in which Settling Defendants have or at any time had a Controlling Interest. For purposes of this Settlement, the term “Controlling Interest” includes any interest of 10% or more of the common stock of any entity. Also excluded from the Class are any Class Members who exclude themselves by filing a request for exclusion in accordance with the requirements set forth in question 13 below.

If one of your mutual funds own shares of Host America Securities, that alone does not make you a Class Member. You are a Class Member only if you directly purchased or otherwise acquired Host America Securities during the Class Period. Contact your broker to see if you have or held Host America Securities.

If you sold or otherwise disposed of Host America Securities during the Class Period, that alone does not make you a Class Member. You are a Class Member only if you purchased Host America Securities, as defined above.

7. What if I am still not sure if I am included?

If you are still not sure whether you are included, you can ask for free help. You can contact the Claims Administrator toll-free at 1 (800) 430-4972, or you can fill out and return the Proof of Claim form enclosed with this Notice package, to see if you qualify.

### THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What does the Settlement provide?

In exchange for the Settlement and dismissal of the Action, the Settling Defendants have agreed to the payment of \$2.45 million to be divided, after taxes, fees, and expenses, among all Class Members who send in a valid Proof of Claim form.

9. How much will my payment be?

Your share of the fund will depend on the total Recognized Claims represented by the valid Proof of Claim forms that Class Members send in, the amount and type of Host America Securities you purchased or acquired, and when you acquired and sold them.

By following the instructions on the Plan of Allocation, you can calculate what is called your Recognized Claim. It is unlikely that you will get a payment for all of your Recognized Claim. After all Class Members have sent in their Proof of Claim forms, the payment you get will be a part of the Net Settlement Fund equal to your Recognized Claim divided by the total of everyone's Recognized Claim. See the Plan of Allocation at pages 11-12 hereof for more information on your Recognized Claim.

### HOW YOU GET A PAYMENT — SUBMITTING A CLAIM FORM

10. How can I get a payment?

To qualify for a payment, you must send in a Proof of Claim form. A Proof of Claim form is enclosed with this Notice. Read the instructions carefully, fill out the Proof of Claim form, include all the documents the form asks for, sign it, and mail it so that it is **postmarked no later than February 20, 2008**.

11. When would I get my payment?

The Court will hold a Fairness Hearing on **January 28, 2008 at 10 a.m.** to decide whether to approve the Settlement. If the Court approves the Settlement after that, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps more than a year. It also takes time for all of the Proofs of Claim to be processed. Please be patient.

12. What am I giving up to get a payment or to stay in the Class?

Unless you exclude yourself, you will remain a Class Member, and that means that, if the Settlement is approved, you will release all "Settled Claims" (as defined below) including "Unknown Claims" (as defined below) against the "Released Parties" (as defined below):

- "Settled Claims" means any and all claims, debts, demands, rights or causes of action or liabilities whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether

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based on federal, state, local, statutory or common law, or any other law, rule or regulation, whether foreign or domestic, fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, foreseen or unforeseen, whether class or individual in nature, including both known claims and Unknown Claims (i) that have been asserted in this Action by the Class Members or any of them against any of the Released Parties (whether pleaded in the Complaint or not), or (ii) that could have been asserted from the beginning of time to the end of time in any forum by the Class Members or any of them against any of the Released Parties (a) which arise out of or are based upon the allegations, transactions, facts, matters or occurrences, representations or omissions involved in, set forth in, or referred to, or that could have been asserted in the Complaint and relate to the purchase, sale, holding, transfer or acquisition of Host America Securities during the Class Period, or (b) which arise out of or relate to the defense or settlement of the Action. "Settled Claims" does not include any claims Plaintiffs or the Class Members may have against Roger Lockhart or against any and all of Lockhart's immediate family members and their legal representatives, heirs, successors and assigns. Also notwithstanding any provision of this paragraph to the contrary, "Settled Claims" does not include any claims that were asserted in the purported derivative actions filed in this Court under the caption, In re Host America Corp. Securities Litigation, No. 05-cv-1250 (JBA)-- Derivative Action or in the purported derivative action brought in the Connecticut Superior Court captioned Bart Hester v. Geoffrey W. Ramsey, et al., Docket No. X10 UWY-CV-05-5001448S.

- "Released Parties" means any and all of the Settling Defendants, their past or present subsidiaries, parents, successors and predecessors, general partners, estates and assigns, and all of the aforementioned persons' and entities' current or former officers, directors, agents, legal representatives, trustees, employees, attorneys, advisors, insurers, and investment advisors, and any person, firm, trust, corporation, officer, director or other individual or entity in which any Settling Defendant has or at any time had a controlling interest or which is or at any time was related to or affiliated with any of the Settling Defendants, and the legal representatives, heirs, successors in interest or assigns of the Settling Defendants. "Released Parties" specifically does not include Roger Lockhart, any and all members of his immediate family, his or their legal representatives, heirs, successors, assigns or any entity in which he has or had a controlling interest (other than Host America and its past or present subsidiaries, parents, successors and predecessors, and any other entity in which Host America has or at any time had a controlling interest or which is or at any time was related to or affiliated with Host America).

- "Unknown Claims" means any and all Settled Claims which any Plaintiff or Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, and any Settled Defendants' Claims which any Settling Defendant does not know or suspect to exist in his, her or its favor, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Settled Claims and Settled Defendants' Claims, the parties stipulate and agree that upon the Effective Date, the Plaintiffs and the Settling Defendants shall expressly waive, and each Class Member shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his settlement with the debtor.

Lead Plaintiffs and Settling Defendants acknowledge, and Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the

definition of Settled Claims and Settled Defendants' Claims was separately bargained for and was a key element of the Settlement.

If you remain a member of the Class, all of the Court's orders will apply to you and legally bind you.

### **EXCLUDING YOURSELF FROM THE SETTLEMENT**

If you do not want a payment from this Settlement, but you want to keep the right to sue one or more of the Settling Defendants and the other Released Parties, on your own, about the legal issues in this case, then you must take steps to remove yourself from the Settlement. This is called excluding yourself — or is sometimes referred to as “opting out.”

13. How do I get out of the proposed Settlement?

To exclude yourself from the Settlement Class, you must send a letter by first class mail stating that you “request exclusion from the Class in *In re Host America Corp. Securities Litigation--Class Action*.” Your letter should include the date(s), price(s), number(s) and type(s) of all purchases and sales of Host America Securities during the Class Period. In addition, you must include your name, address, telephone number, and your signature. You must mail your exclusion request **postmarked no later than December 18, 2007** to:

In re Host America Corp. Securities Litigation  
c/o The Garden City Group, Inc.  
Claims Administrator  
P.O. Box 9160  
Dublin, OH 43017-4160

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you will not get any payment, and you cannot object to the Settlement. You will not be legally bound by anything that happens in this lawsuit, and you may be able to sue the Settling Defendants and the other Released Parties in the future.

14. If I do not exclude myself, can I sue the Settling Defendants and the other Released Parties for the same thing later?

No. Unless you exclude yourself, you give up any rights to sue the Settling Defendants and the other Released Parties for any and all Settled Claims. If you have a pending lawsuit against the Released Parties speak to your lawyer in that case immediately. You must exclude yourself from *this* Class Action to continue your own lawsuit. Remember, the exclusion deadline is **December 18, 2007**.

15. If I exclude myself, can I get money from the proposed Settlement?

No. If you exclude yourself, you may not send in a Proof of Claim to ask for any money. But, you may sue or be part of a different lawsuit against the Settling Defendants and the other Released Parties.

### **THE LAWYERS REPRESENTING YOU**

16. Do I have a lawyer in this case?

The Court ordered that the law firm of Scott + Scott, LLP represent the Class Plaintiffs and the Class Members, including you. These lawyers are called Plaintiffs' Lead Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How will the lawyers be paid?

Plaintiffs' Lead Counsel are moving the Court to award attorneys' fees from the Settlement Fund in an amount not greater than twenty percent (20%) of the Gross Settlement Fund and for reimbursement of their expenses in the approximate amount of \$79,424.00.

**OBJECTING TO THE SETTLEMENT**

18. How do I tell the Court that I do not like the proposed Settlement?

If you are a Class Member, you can object to the proposed Settlement if you do not like any part of it. You can give reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a signed letter saying that you object to the proposed Settlement in the *In re Host America Securities Litigation--Class Action*. Be sure to include your name, address, telephone number, and your signature, identify the date(s), price(s), number(s) and type(s) of all Host America Securities you purchased and sold during the Class Period, and state the reasons why you object to the proposed Settlement. Mail the objection to each of the following addresses so that it is received no later than **December 18, 2007**:

<b>COURT</b>	<b>PLAINTIFFS' LEAD COUNSEL</b>
Clerk of the Court United States District Court District Of Connecticut Abraham Ribicoff Federal Building 450 Main Street Hartford, CT 06103	SCOTT + SCOTT, LLP David R. Scott, Esq. 108 Norwich Avenue P.O. Box 192 Colchester, CT 06415

<b>SETTLING DEFENDANTS' COUNSEL</b>		
ROBINSON & COLE LLP Craig A. Raabe (ct04116) 280 Trumbull Street Hartford, CT 06103-3597	GREENBERG TRAUERIG Peter M. Casey One International Place Boston, MA 02110  <i>Attorneys for Defendants Host America Corp., David J. Murphy and Peter Sarmanian</i>	MINTZ, LEVIN, COHN, FERRIS, GLOVSKY AND POPEO, P.C. John F. Sylvia, Jr. Keith P. Carroll One Financial Center Boston, MA 02111 (617) 542-6000  <i>Attorneys for Defendant Geoffrey Ramsey</i>

19. What is the difference between objecting and excluding?

Objecting is simply telling the Court that you do not like something about the proposed Settlement. You can object only if you stay in the Class. Excluding yourself is telling the Court that you do not want to be part of the Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

## THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the proposed Settlement. You may attend and you may ask to speak, but you do not have to.

20. When and where will the Court decide whether to approve the proposed Settlement?

The Court will hold a Fairness Hearing at 10 a.m. on Monday, **January 28, 2008**, at the United States District Court for the District of Connecticut, Abraham Ribicoff Federal Building, 450 Main Street, Hartford, CT 06103, in Courtroom Two. At the Hearing the Court will consider whether the Settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. The Court will listen to people who have asked to speak at the hearing. The Court may also decide how much to pay to Plaintiffs' Lead Counsel. After the Settlement Fairness Hearing, the Court will decide whether to approve the Settlement. We do not know how long these decisions will take.

21. Do I have to come to the hearing?

No. Plaintiffs' Lead Counsel will answer questions the Court may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary. Class Members do not need to appear at the hearing or take any other action to indicate their approval.

22. May I speak at the hearing?

If you object to the Settlement, you may ask the Court for permission to speak at the Fairness Hearing. To do so, you must include with your objection (see question 18 above) a statement saying that it is your "Notice of Intention to Appear in *In re Host America Corp. Securities Litigation--Class Action*." Persons who intend to object to the Settlement, the Plan of Allocation, and/or counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Fairness Hearing must include in their written objections the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the Settlement Fairness Hearing. You cannot speak at the hearing if you excluded yourself.

### IF YOU DO NOTHING

23. What happens if I do nothing at all?

If you do nothing, you will get no money from this Settlement. But, unless you exclude yourself, you will not be able to start a lawsuit or be part of any other lawsuit against the Released Parties about the legal issues in this case, ever again.

### GETTING MORE INFORMATION

24. Are there more details about the proposed Settlement?

This Notice summarizes the proposed Settlement. More details are in an amended Stipulation and Agreement of Partial Settlement dated October 12, 2007 (the "Stipulation"). You can get a copy of the Stipulation and obtain answers to common questions regarding the proposed Settlement by contacting the Claims Administrator toll-free at 1 (800) 430-4972. A copy of the Stipulation is also available on the Claims Administrator's website at [www.hostsettlement.com](http://www.hostsettlement.com).

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25. How do I get more information?

For even more detailed information concerning the matters involved in this Action, reference is made to the pleadings, to the Stipulation, to the Orders entered by the Court and to the other papers filed in the Action, which may be inspected at the Office of the Clerk of the United States District Court, District of Connecticut, Abraham Ribicoff Federal Building, 450 Main Street, Hartford, CT 06103, during regular business hours.

#### **PLAN OF ALLOCATION OF NET SETTLEMENT FUND AMONG CLASS MEMBERS**

The Cash Settlement Amount of \$2.45 million and any interest earned thereon shall be the Gross Settlement Fund. The Gross Settlement Fund, less all taxes, approved costs, fees and expenses (the "Net Settlement Fund") shall be distributed to Class Members who submit timely and valid Proof of Claim forms to the Claims Administrator ("Authorized Claimants").

The Claims Administrator shall determine each Authorized Claimant's pro rata share of the Net Settlement Fund based upon each Authorized Claimant's "Recognized Claim." The Recognized Claim formula is not intended to be an estimate of the amount of what a Class Member might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Claim formula is the basis upon which the Net Settlement Fund will be proportionately allocated to the Authorized Claimants.

The following proposed Plan of Allocation reflects the proposition that the prices of Host America Securities were artificially inflated during the Class Period from July 12, 2005, the first day of the Class Period, until July 22, 2005, inclusive, the date on which trading in Host America Securities was suspended until September 1, 2005, and that any losses from trading Host America Securities purchased during the Class Period, and still owned at close of trading on July 22, 2005, will be recognized. Accordingly, for Host America Securities purchased during the Class Period and still owned at close of trading on July 22, 2005, "Recognized Claims" will be calculated for purposes of the Settlement as follows:

- (a) For shares of Host America common stock purchased during the Class Period and still owned at close of trading on July 22, 2005, an Authorized Claimant's "Recognized Claim" from such shares shall mean the difference between the purchase price paid (excluding commissions, etc.) and \$3.12 per share.
- (b) For Host America Warrants purchased during the Class Period that were still owned at the close of trading on July 22, 2005, an Authorized Claimant's "Recognized Claim" from such warrants shall mean the difference between the purchase price paid (excluding commissions, etc.) and \$ .81 per warrant.

In the event a Class Member has more than one purchase or sale of Host America Securities during the Class Period, all purchases and sales within the Class Period shall be matched on a First In First Out ("FIFO") basis. A purchase or sale of Host America Securities shares shall be deemed to have occurred on the "contract" or "trade" date as opposed to the "settlement" or "payment" date. The receipt or grant by gift, devise or operation of law of Host America Securities during the Class Period shall not be deemed a purchase or sale of Host America Securities for the calculation of an Authorized Claimant's Recognized Claim nor shall it be deemed an assignment of any claim relating to the purchase of such shares unless specifically provided in the instrument of gift or assignment. The receipt of Host America Securities during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or sale of Host America Securities.

To the extent a Claimant had a gain from his, her or its overall transactions in Host America Securities during the Class Period, the value of the Recognized Claim will be zero.

Each Authorized Claimant shall be allocated a pro rata share of the Net Settlement Fund based on his, her, or its Recognized Claim as compared to the total Recognized Claims of all Authorized Claimants.

Class Members who do not submit acceptable Proofs of Claim will not share in the Settlement proceeds. The Settlement and the Order and Final Judgment of the Court dismissing this Class Action will nevertheless bind Class Members who do not either submit a request for exclusion or submit an acceptable Proof of Claim.

Please contact the Claims Administrator or the offices of Plaintiffs' Lead Counsel if you disagree with any determinations made by the Claims Administrator regarding your Proof of Claim. If you are unsatisfied with the result, you may ask the Court, which retains jurisdiction over the Claims Administration process, to decide the issue in your favor by submitting a written request.

Distributions will be made to Authorized Claimants after all claims have been processed and after the Court has finally approved the Settlement. If any funds remain in the Net Settlement Fund by reason of un-cashed distribution checks or otherwise, then, after the Claims Administrator has made reasonable and diligent efforts to have Class Members who are entitled to participate in the distribution of the Net Settlement Fund cash their distributions, any balance remaining in the Net Settlement Fund one (1) year after the initial distribution of such funds shall be re-distributed to Class Members who have cashed their initial distributions and who would receive at least \$10.00 from such re-distribution, after payment of any unpaid costs or fees incurred in administering the Net Settlement Fund for such re-distribution. If after six months after such re-distribution any funds shall remain in the Net Settlement Fund, then such balance shall be contributed to non-sectarian, not-for-profit, 501(c)(3) organization(s) designated by Plaintiffs' Lead Counsel.

#### **SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES**

If you purchased Securities of Host America during the Class Period for the beneficial interest of a person or organization other than yourself, the Court has directed that, WITHIN SEVEN (7) DAYS OF YOUR RECEIPT OF THIS NOTICE, you either (a) provide to the Claims Administrator the name and last known address of each person or organization for whom or which you purchased such Securities during such time period or (b) request additional copies of this Notice and the Proof of Claim form, which will be provided to you free of charge, and within seven (7) days mail the Notice and Proof of Claim form directly to the beneficial owners of the Securities referred to herein. If you choose to follow alternative procedure (b), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed. You are entitled to reimbursement from the Settlement Fund of your reasonable expenses actually incurred in connection with the foregoing, including reimbursement of postage expense and the cost of ascertaining the names and addresses of beneficial owners. Those expenses will be paid upon request and submission of appropriate supporting documentation. All communications concerning the foregoing should be addressed to the Claims Administrator:

In re Host America Corp. Securities Litigation  
c/o The Garden City Group, Inc.  
Claims Administrator  
P.O. Box 9160  
Dublin, OH 43017-4160  
Toll-Free: 1 (800) 430-4972

Dated: October 18, 2007

By Order of the Court  
CLERK OF THE COURT